

CHARTER TOWNSHIP OF YORK

81-1190

REPORT ON AUDIT OF  
GENERAL PURPOSE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

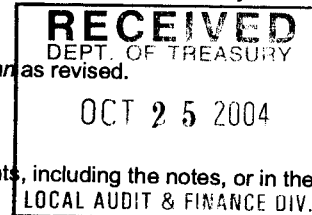
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>CHARTER TOWNSHIP OF YORK</b>	County <b>WASHTENAW</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>7/30/04</b>	Date Accountant Report Submitted to State: <b>9/26/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>PFEFFER, HANNIFORD &amp; PALKA, CPA's</b>			
Street Address <b>225 E. GRAND RIVER SUITE 104</b>		City <b>BRIGHTON</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48116</b>	Date

**CHARTER TOWNSHIP OF YORK**

**TOWNSHIP OFFICIALS**

Supervisor - Bill Dean  
Clerk - Helen Neill  
Treasurer - Sally B. Donahue

**BOARD OF TRUSTEES**

John Bulmer  
Fonda Heikka  
Jane Kartje  
Greg Stuk

**LEGAL COUNSEL**

Reading, Etter & Lillich

**TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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**PHP**

**PFEFFER • HANNIFORD • PALKA**  
*Certified Public Accountants*

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July 30, 2004

Board of Trustees  
Charter Township of York  
11560 Stoney Creek Road  
Milan, MI 48198

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying general purpose financial statements of the Charter Township of York as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township Board. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Charter Township of York as of March 31, 2004, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplementary information on pages 26 - 60 in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Charter Township of York. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Pfeffer, Hanniford & Palka*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

GENERAL PURPOSE  
FINANCIAL STATEMENTS

COMBINED  
FINANCIAL  
STATEMENTS



CHARTER TOWNSHIP OF YORK  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
<u>ASSETS</u>			
Assets			
Cash and equivalents			
Accounts receivable - taxes	\$ 238,828	\$ 200,511	\$ 16,099
Accounts receivable - special assessments	22,051		3,993
Accounts receivable - other	9,033		173,019
Accounts receivable - state shared revenues	68,141		1,341
Prepaid expenditures	40,915		
Due from other funds	37,056	9,595	
Fixed assets - net of depreciation			639,074
Total assets	<u>\$ 416,024</u>	<u>\$ 210,106</u>	<u>\$ 833,526</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 35,673	\$ 411	\$
Accrued expenditures	14,119	10,824	
Due to other funds	9,595	24,857	6,585
Due to others	9,106		810
Total current liabilities	68,493	36,092	7,395
LONG-TERM LIABILITIES			
Bonds payable			185,500
Total liabilities	<u>68,493</u>	<u>36,092</u>	<u>192,895</u>
<u>FUND EQUITY</u>			
Fund Equity			
Investment in general fixed assets			
Retained earnings			640,631
Fund balance	347,531	174,014	
Total fund equity	<u>347,531</u>	<u>174,014</u>	<u>640,631</u>
Total liabilities and fund equity	<u>\$ 416,024</u>	<u>\$ 210,106</u>	<u>\$ 833,526</u>

The accompanying notes are an integral part of the financial statements

<u>Fiduciary Fund Type Agency</u>	<u>Account Groups General Fixed Assets</u>	<u>Totals (Memorandum Only) 2004</u>
\$ 31,920	\$	\$ 487,358
		26,044
		173,019
		10,374
		68,141
		40,915
		46,651
	<u>872,987</u>	<u>1,512,061</u>
<u>\$ 31,920</u>	<u>\$ 872,987</u>	<u>\$ 2,364,563</u>
\$	\$	\$ 36,084
		24,943
5,614		46,651
<u>26,306</u>		<u>36,222</u>
31,920		143,900
		<u>185,500</u>
<u>31,920</u>		<u>329,400</u>
	872,987	872,987
		640,631
		<u>521,545</u>
	<u>872,987</u>	<u>2,035,163</u>
<u>\$ 31,920</u>	<u>\$ 872,987</u>	<u>\$ 2,364,563</u>

CHARTER TOWNSHIP OF YORK  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Governmental Fund Types</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>2004</u>
<b>REVENUES</b>			
Taxes	\$ 264,152	\$	\$ 264,152
Administration fee	82,275		82,275
Summer tax collection fee	15,550		15,550
Rental income	24,000		24,000
Licenses, permits and fees	8,960	153,997	162,957
Planning department professional fees	40,387		40,387
State shared revenues	450,229		450,229
Interest income	4,465	2,045	6,510
Other income	33,178	5,421	38,599
<b>Total revenues</b>	<u>923,196</u>	<u>161,463</u>	<u>1,084,659</u>
<b>EXPENDITURES</b>			
Liquor law enforcement		1,190	1,190
Environmental protection		16,887	16,887
Building department		162,774	162,774
Elected officials	267,148		267,148
General government	653,115	3	653,118
Library	4,000		4,000
Parks and recreation	3,411		3,411
Roads	52,831		52,831
<b>Total expenditures</b>	<u>980,505</u>	<u>180,854</u>	<u>1,161,359</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(57,309)	(19,391)	(76,700)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfer in	68,042		68,042
Operating transfer (out)		(68,042)	(68,042)
<b>Total other financing sources (uses)</b>	<u>68,042</u>	<u>(68,042)</u>	
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	10,733	(87,433)	(76,700)
<b>FUND BALANCE, APRIL 1, 2003</b>	<u>336,798</u>	<u>261,447</u>	<u>598,245</u>
<b>FUND BALANCE, MARCH 31, 2004</b>	<u>\$ 347,531</u>	<u>\$ 174,014</u>	<u>\$ 521,545</u>

The accompanying notes are an integral part of the financial statements  
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Certified Public Accountants

CHARTER TOWNSHIP OF YORK  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2004

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes	\$	\$ 264,152	\$
Administrative fees		82,275	
Summer tax collection fee		15,550	
Rental income		24,000	
Licenses, permits and fees		8,960	
Planning commission professional fees		40,387	
State shared revenues		450,229	
Interest income		4,465	
Other income		33,178	
Total revenues	<u>973,538</u>	<u>923,196</u>	<u>(50,342)</u>
EXPENDITURES			
Liquor law enforcement			
Environmental protection			
Building department			
Elected officials			
General government		267,148	
Library		653,115	
Parks and recreation		4,000	
Roads		3,411	
		<u>52,831</u>	
Total expenditures	<u>1,040,274</u>	<u>980,505</u>	<u>59,769</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(66,736)	(57,309)	9,427
OTHER FINANCING SOURCES (USES)			
Operating transfers in	100,000	68,042	(31,958)
Operating transfers (out)			
Total other financing sources (uses)	<u>100,000</u>	<u>68,042</u>	<u>(31,958)</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	33,264	10,733	(22,531)
FUND BALANCE, APRIL 1, 2003	<u>336,798</u>	<u>336,798</u>	
FUND BALANCE, MARCH 31, 2004	<u>\$ 370,062</u>	<u>\$ 347,531</u>	<u>\$ (22,531)</u>

The accompanying notes are an integral part of the financial statements

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$	\$	\$	\$	\$	\$
	153,997			264,152	
				82,275	
				15,550	
	2,045			24,000	
	5,421			162,957	
				40,387	
				450,229	
				6,510	
				38,599	
<u>204,045</u>	<u>161,463</u>	<u>(42,582)</u>	<u>1,177,583</u>	<u>1,084,659</u>	<u>(92,924)</u>
	1,190			1,190	
	16,887			16,887	
	162,774			162,774	
	3			267,148	
				653,118	
				4,000	
				3,411	
				52,831	
<u>202,291</u>	<u>180,854</u>	<u>21,437</u>	<u>1,242,565</u>	<u>1,161,359</u>	<u>81,206</u>
1,754	(19,391)	(21,145)	(64,982)	(76,700)	(11,718)
(179,946)	(68,042)	111,904	100,000	68,042	(31,958)
			(179,946)	(68,042)	111,904
(179,946)	(68,042)	111,904	(79,946)		79,946
(178,192)	(87,433)	90,759	(144,928)	(76,700)	68,228
261,447	261,447		598,245	598,245	
<u>\$ 83,255</u>	<u>\$ 174,014</u>	<u>\$ 90,759</u>	<u>\$ 453,317</u>	<u>\$ 521,545</u>	<u>\$ 68,228</u>

CHARTER TOWNSHIP OF YORK  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED MARCH 31, 2004

OPERATING REVENUES		
Sewer connection fees	\$ 550	
Sewer billings	<u>13,931</u>	
Total operating revenues		\$ 14,481
OPERATING EXPENSES		
Sewer usage	3,877	
Depreciation	14,488	
Insurance	1,150	
Audit fees	6,500	
Legal fees	2,888	
Operating supplies	588	
Utilities	<u>1,202</u>	
Total operating expenses		<u>30,693</u>
Operating (loss)		(16,212)
NON-OPERATING REVENUES AND (EXPENSES)		
Grant income	16,400	
Interest income - operations	34	
Interest income - assessments	9,767	
Interest expense - debt	<u>(8,404)</u>	
Total non-operating revenues and (expenses)		<u>17,797</u>
Net income		1,585
RETAINED EARNINGS, APRIL 1, 2002		<u>639,046</u>
RETAINED EARNINGS, MARCH 31, 2004		<u>\$ 640,631</u>

The accompanying notes are an integral part of these financial statements

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CHARTER TOWNSHIP OF YORK  
ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2004

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Operating (loss)		\$ (16,212)
Adjustments to reconcile operating income to net cash from (used in) operating activities:		
Depreciation expense	\$ 14,488	
Changes in assets and liabilities		
(Increase) in accounts receivable	(4,061)	
(Decrease) in accounts payable	(13,186)	
Increase in due to other funds	<u>4,798</u>	
Total adjustments		<u>2,039</u>
Net cash (used in) operating activities		(14,173)
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to system	(1,793)	
Special assessment - collections	14,320	
Payment of principal on bonds	(2,500)	
Grant proceeds	16,400	
Interest paid	<u>(8,404)</u>	
Net cash from capital and related financing activities		18,023
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on operating funds		<u>34</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,884
CASH AND CASH EQUIVALENTS, APRIL 1 2003		<u>12,215</u>
CASH AND CASH EQUIVALENTS, MARCH 31, 2004		<u>\$ 16,099</u>

The accompanying notes are an integral part of these financial statements

NOTES  
TO  
FINANCIAL  
STATEMENTS



CHARTER TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The financial statements of the Charter Township of York (the "Township") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

Reporting Entity

In accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations may be considered to be part of the reporting entity for financial statement purposes. The criteria established by GASB Statement No. 39 for the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibilities and financial accountability.

In this regard, there are no other governmental organizations associated with the Township subject of the above criteria nor are there any other governmental organizations in existence. All funds and account groups of the reporting entity are included in the general purpose financial statements as presented.

B. BASIS OF PRESENTATION

The accounts of the Township are organized and operated on the basis of funds and an account group. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the government funds not recorded directly in those funds.

CHARTER TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial activities of the Township are recorded in separate funds and an account group, categorized as follows:

GOVERNMENTAL FUND TYPES

General Fund - The general fund is the primary operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for revenue sources that are legally restricted to expenditure for specific purposes.

PROPRIETARY FUND TYPES

Proprietary Funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a Proprietary Fund's activities are included on its balance sheet.

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The sole enterprise fund used by the township is used to account for sewer system activities.

FIDUCIARY FUND TYPES

Trust and Agency Funds - These funds account for assets held by the Township in a trustee or agency capacity. The Township has two agency funds and a non-expendable trust fund.

ACCOUNT GROUPS

General Fixed Assets Account Group - This account group presents the fixed assets of the Township utilized in its general operations.

General Long-Term Debt Account Group - This account group is established to account for all of the Township's long-term debt that will be financed from general governmental resources.

CHARTER TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING

The Township uses the modified accrual basis of accounting for governmental fund types and the Agency Funds. The modified accrual basis of accounting recognizes revenues when both "measurable and available". Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general long-term debt obligations which are reported as expenditures in the year due. The Township had no general long-term debt at March 31, 2004.

The governmental fund types use the current financial resources measurement focus.

The proprietary fund is accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled water and sewer fund utility service receivables are recorded at year end.

D. FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial-flow" measurement focus. This means only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources) during a period.

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, draining systems, and lighting systems, are capitalized along with other general fixed assets. Depreciation has not been provided on general fixed assets.

CHARTER TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FIXED ASSETS AND LONG-TERM LIABILITIES (continued)

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date of gift.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives as follows:

Water and sewer systems	40 years
Improvements	10 - 20 years
Equipment	3 - 10 years

E. BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan, the Township annually adopts budgets on the modified accrual basis of accounting for all of the governmental fund types at the department level for the General Fund, and the fund level for the Special Revenue Funds. This is consistent with generally accepted accounting principles.

The township adopts its budget by functional activity which is the level of classification detail at which expenditures may not legally exceed appropriations.

For the year ended March 31, 2004, expenditures exceeded appropriations in several functional activities. The township adopted a budget with an anticipated deficit in the Budget Stabilization Fund. This is a violation of Public Act 493 of 2000.

F. DEPOSITS AND INVESTMENTS

The Township's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit union, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, bankers acceptances, and mutual funds composed of other wise legal investments.

Investments are stated at fair value.

G. RECEIVABLES

All receivables are reported at their net value by being reduced, where appropriate, by the estimated portion that is expected to be uncollectible.

CHARTER TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or serviced rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond March 31, 2004, are recorded as prepaid expenditures.

J. PROPERTY TAXES

Property Taxes

The Township property tax is levied each December 1 on the assessed valuation of property located in the Township as of the preceding December 31, the lien date. Real and personal property in the Charter Township of York for the 2003 levy had a taxable value of \$283,844,525 representing approximately 50% of estimated true cash value, as assessed by the County. The Township's general operating tax rate for the fiscal year was .8937 mills.

K. ACCRUED COMPENSATED ABSENCES

Compensated Absences

All Township employees are working on a part-time basis and, therefore, no sick time or vacation time benefits are paid to the employees.

L. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. TOTAL COLUMNS ON STATEMENTS - OVERVIEW

Total columns on the statements which combine more than one fund - (overview) are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CHARTER TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations to the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The township maintains an imprest petty cash account in the amount of \$200.

The township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 200,000	\$ 200,000
Uninsured and uncollateralized	<u>287,158</u>	<u>339,496</u>
Total deposits	<u>\$ 487,158</u>	<u>\$ 539,496</u>

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 37,056	\$ 9,595
Sewer		6,585
Building department	9,595	24,000
Environmental protection		851
Cemetery trust		6
Current tax collection		4,778
Trust and agency		<u>836</u>
Totals	<u>\$ 46,651</u>	<u>\$ 46,651</u>

CHARTER TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 4 - OTHER FINANCING SOURCES (USES)

The transfers of cash between the various funds are budgeted and reported separate from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund. The township also records all proceeds from the issuance of debt instruments as other financing sources.

NOTE 5 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets is as follows:

<u>General Fund</u>	<u>Balance 4/1/03</u>	<u>Addition</u>	<u>Decrease</u>	<u>Balance 3/31/04</u>
Township hall				
Building	\$ 653,647	\$	\$	\$ 653,647
Land	24,000			24,000
Office equipment	191,436	3,904		195,340
<b>Total general fixed assets</b>	<b>\$ 869,083</b>	<b>\$ 3,904</b>	<b>\$</b>	<b>\$ 872,987</b>

A summary of changes in the proprietary funds fixed assets is as follows:

	<u>Balance 4/1/03</u>	<u>Addition</u>	<u>Decrease</u>	<u>Balance 3/31/04</u>
<b>ASSETS</b>				
Sewer systems	\$	\$ 579,523	\$	\$ 579,523
Land	74,039			74,039
<b>Total</b>	<b>74,039</b>	<b>579,523</b>		<b>653,562</b>
Less accumulated depreciation		(14,488)		(14,488)
<b>Net</b>	<b>\$ 74,039</b>	<b>\$ 565,035</b>	<b>\$</b>	<b>\$ 639,074</b>
<b>CONSTRUCTION IN PROGRESS</b>				
Sewer	\$ 577,730	\$ 1,793	\$ 579,523	\$

TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

**NOTE 6 - LONG-TERM OBLIGATIONS**

The principal long-term obligations of the Township are general obligation limited tax bonds issued to finance the construction of the sewer system upgrade.

The Township's long-term obligations as of March 31, 2004, and transactions during the year then ended, are as follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance 3/31/04</u>
<b><u>Enterprise Funds</u></b>				
2002 Sewer Special Assessment limited tax bonds	\$ 188,000	\$	\$ 2,500	\$ 185,500

The following is a schedule of principal and interest payments to service the long-term obligations of the Township:

	<u>Bonds Payable Enterprise Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2004 - 2005	\$ 5,500	\$ 8,348
2005 - 2006	5,500	8,100
2006 - 2007	5,500	7,853
2007 - 2008	5,500	7,605
2008 - 2009	5,500	7,358
2009 and after	<u>158,000</u>	<u>114,232</u>
Total borrowings	\$ <u>185,500</u>	\$ <u>153,496</u>

**NOTE 7 - COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES**

The Township had prepared budgets for the general fund and all special revenue funds. These are the only funds included in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - general and special revenue fund types.



TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance and participates in the Michigan Township Participating Plan for claims relating to general liability, errors and omissions, physical damage (equipment, buildings, and contents) and workers compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past 3 years.

NOTE 9 - JOINT VENTURES

Since 1984, the Township has participated in joint ventures with both the Saline and Milan Area Fire Departments, who provide fire protection services to Township residents. The participating entities annually contribute sufficient resources to cover anticipated expenditures, which include operations and fire runs.

Complete financial statements for each joint venture may be obtained at their respective administrative offices.

NOTE 10 - GASB STATEMENT NO. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement NO. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the statement include the following:

1. For the first time the financial statements will include:
  - A management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the Township's activities including reporting infrastructure assets (roads, bridges, etc.).
2. A change in the fund financial statements to focus on the major funds.

The general provisions of GASB Statement No. 34 must be implemented by the Township of York no later than the fiscal year ending March 31, 2005.

TOWNSHIP OF YORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 11 - STATE GRANT ACTIVITIES

The Township of York is the recipient of a environment clean-up grant. The grant received is subject to financial and compliance audits by the grantors or their representatives. The audit for the year ended March 31, 2004 has not yet been completed and is subject to review.

NOTE 12 - FEDERAL GRANT ACTIVITIES

The Township of York is the recipient of a utilities services grant. According to the terms of the grant, federal funds must be used to improve/develop the Township's sewer system. The grant received is subject to financial and compliance audits by the grantors or their representatives. The audit for the year ended March 31, 2004 has not yet been completed and is subject to review.

NOTE 13 - FUND BALANCE (DEFICIT)

A deficit occurred in the Township's Building Department Fund totaling \$5,917 for the year ended March 31, 2004. A deficit elimination plan must be filed with the State of Michigan detailing the Township's plan to remedy this deficit.

SUPPLEMENTARY  
INFORMATION

COMBINING  
FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF YORK  
COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS  
MARCH 31, 2004

	<u>Building Department Fund</u>	<u>Liquor Law Fund</u>	<u>Environmental Protection Fund</u>
<b>ASSETS</b>			
<u>ASSETS</u>			
Cash and equivalents	\$ 19,551	\$ 1,276	\$ 52,168
Due from other funds	<u>9,595</u>		
Total assets	<u>\$ 29,146</u>	<u>\$ 1,276</u>	<u>\$ 52,168</u>
<b>LIABILITIES</b>			
<u>LIABILITIES AND FUND BALANCE</u>			
Accounts payable	\$ 411	\$	\$
Accrued expenses	10,652	170	
Due to other funds	<u>24,000</u>		<u>851</u>
Total liabilities	35,063	170	851
FUND BALANCE (DEFICIT)	<u>(5,917)</u>	<u>1,106</u>	<u>51,317</u>
Total liabilities and fund equity (deficit)	<u>\$ 29,146</u>	<u>\$ 1,276</u>	<u>\$ 52,168</u>

<u>Budget Stabilization Fund</u>	<u>Cemetery Trust Fund</u>	<u>Totals</u>
\$ 126,359	\$ 1,157	\$ 200,511
		<u>9,595</u>
<u>\$ 126,359</u>	<u>\$ 1,157</u>	<u>\$ 210,106</u>
\$	\$	\$
	2	411
	6	10,824
		<u>24,857</u>
	8	36,092
<u>126,359</u>	<u>1,149</u>	<u>174,014</u>
<u>\$ 126,359</u>	<u>\$ 1,157</u>	<u>\$ 210,106</u>

ASSETS

## LIABILITIES

-27-

CHARTER TOWNSHIP OF YORK  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2004

	Building Department Fund	Liquor Law Fund	Environmental Protection Fund	Budget Stabilization Fund
REVENUES				
Licenses and permits	\$ 152,856	\$ 1,141	\$	\$
Recycling income			5,421	
Interest income	<u>74</u>	<u>4</u>	<u>641</u>	<u>1,319</u>
Total revenues	<u>152,930</u>	<u>1,145</u>	<u>6,062</u>	<u>1,319</u>
EXPENDITURES				
Building department	162,774			
Liquor law		1,190		
Contracted services			16,887	
Cemetery				
Total expenditures	<u>162,774</u>	<u>1,190</u>	<u>16,887</u>	
Excess (deficiency) of revenues over expenditures before other financing (uses)	(9,844)	(45)	(10,825)	1,319
OTHER FINANCING (USES)				
Operating transfer (out)			<u>(39,500)</u>	<u>(28,542)</u>
Excess (deficiency) of revenues over expenditures after other financing (uses)	(9,844)	(45)	(50,325)	(27,223)
FUND BALANCE, APRIL 1, 2003	<u>3,927</u>	<u>1,151</u>	<u>101,642</u>	<u>153,582</u>
FUND BALANCE, MARCH 31, 2004	<u><u>\$ (5,917)</u></u>	<u><u>\$ 1,106</u></u>	<u><u>\$ 51,317</u></u>	<u><u>\$ 126,359</u></u>



Cemetery Trust	Totals (Memorandum Only) 2004
\$	\$ 153,997
	5,421
<u>7</u>	<u>2,045</u>
<u>7</u>	<u>161,463</u>
	162,774
	1,190
	16,887
<u>3</u>	<u>3</u>
<u>3</u>	<u>180,854</u>
4	(19,391)
<u>      </u>	<u>(68,042)</u>
4	(87,433)
<u>1,145</u>	<u>261,447</u>
<u>\$ 1,149</u>	<u>\$ 174,014</u>

INDIVIDUAL  
FUNDS

GENERAL  
FUND

CHARTER TOWNSHIP OF YORK  
GENERAL FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

ASSETS

Cash and equivalents	\$ 238,828
Accounts receivable - taxes	22,051
Accounts receivable - state shared revenues	68,141
Accounts receivable - other	9,033
Due from other funds	37,056
Prepaid expenditures	<u>40,915</u>

Total assets

\$ 416,024

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 35,673
Accrued wages	14,119
Due to other funds	9,595
Due to others	<u>9,106</u>

Total liabilities

\$ 68,493

FUND BALANCE

Unreserved	
Undesignated	<u>347,531</u>

Total liabilities and fund balance

\$ 416,024

CHARTER TOWNSHIP OF YORK  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 267,168	\$ 264,152	\$ (3,016)
Administration fee	81,111	82,275	1,164
Cable TV fees	25,000	14,072	(10,928)
State shared revenues	445,000	450,229	5,229
Planning department professional fees	40,800	40,387	(413)
Summer tax levy	15,500	15,550	50
Fire runs	20,000	7,062	(12,938)
Interest income	3,000	4,465	1,465
Court fees	15,000	8,960	(6,040)
Rent	24,000	24,000	
Other income	36,959	11,044	(25,915)
Donations		1,000	1,000
Total revenues	973,538	923,196	(50,342)
EXPENDITURES	1,040,274	980,505	59,769
Excess (deficiency) of revenues over expenditures before other financing sources	(66,736)	(57,309)	9,427
OTHER FINANCING SOURCES			
Operating transfers in	100,000	68,042	(31,958)
Excess (deficiency) of revenues over expenditures before other financing sources	33,264	10,733	(22,531)
FUND BALANCE, APRIL 1, 2003	336,798	336,798	
FUND BALANCE, MARCH 31, 2004	\$ 370,062	\$ 347,531	\$ (22,531)

CHARTER TOWNSHIP OF YORK  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Salaries	\$	\$ 12,500	\$
Assistant wages		8,588	
Payroll taxes		1,881	
Office supplies/postage		1,370	
Audit fees		9,760	
Legal fees		71,069	
Printing and publishing		3,183	
Cleanup		5,864	
Equipment rental		5,094	
Memberships and dues		4,490	
Miscellaneous		1,393	
Equipment purchases		3,417	
		<u>          </u>	<u>          </u>
Total	<u>93,107</u>	<u>128,609</u>	<u>(35,502)</u>
TOWNSHIP SUPERVISOR			
Salary		30,000	
Deputy salary		912	
Supplies		361	
Payroll taxes		2,365	
Telephone		286	
		<u>          </u>	<u>          </u>
Total	<u>36,562</u>	<u>33,924</u>	<u>2,638</u>
ELECTIONS			
Equipment	<u>6,500</u>	<u>490</u>	<u>6,010</u>
ASSESSOR			
Wages		41,422	
Payroll taxes		3,285	
Supplies		3,693	
Travel		327	
Miscellaneous		172	
		<u>          </u>	<u>          </u>
Total	<u>44,587</u>	<u>48,899</u>	<u>(4,312)</u>

CHARTER TOWNSHIP OF YORK  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP CLERK			
Salary		34,000	
Deputy salary		12,491	
Data entry		1,000	
Payroll taxes		3,701	
Operating supplies		2,381	
Outside services		2,138	
Travel		166	
Total	<u>54,657</u>	<u>55,877</u>	<u>(1,220)</u>
BOARD OF REVIEW			
Salaries		1,300	
Payroll taxes		168	
Operating supplies		78	
Printing and publishing		314	
Total	<u>1,815</u>	<u>1,860</u>	<u>(45)</u>
TOWNSHIP TREASURER			
Salary		30,000	
Deputy salary		10,833	
Payroll taxes		3,192	
Operating supplies		4,433	
Travel		280	
Total	<u>49,175</u>	<u>48,738</u>	<u>437</u>
BUILDINGS AND GROUNDS			
Contract services		5,180	
Operating supplies		3,289	
Telephone		7,655	
Utilities		10,284	
Repairs and maintenance		7,672	
Total	<u>44,900</u>	<u>34,080</u>	<u>10,820</u>

CHARTER TOWNSHIP OF YORK  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CEMETERY UPKEEP	<u>8,000</u>	<u>7,525</u>	<u>475</u>
LAW ENFORCEMENT	<u>236,099</u>	<u>246,718</u>	<u>(10,619)</u>
FIRE AND PUBLIC SAFETY			
Milan Fire Department		99,116	
Saline Fire Department		<u>97,759</u>	
Total	<u>228,973</u>	<u>196,875</u>	<u>32,098</u>
DEVELOPMENTAL			
Engineering consultant		22,922	
Planning consultant		5,103	
Legal fees		<u>605</u>	
Total	<u>40,500</u>	<u>28,630</u>	<u>11,870</u>
ZONING INSPECTION			
Salaries		21,836	
Payroll taxes		1,810	
Supplies		76	
Travel		1,225	
Training		<u>100</u>	
Total	<u>25,882</u>	<u>25,047</u>	<u>835</u>
PLANNING COMMISSION			
Salaries		13,825	
Payroll taxes		1,163	
Operating supplies		401	
Printing		2,223	
Professional fees - planning		<u>9,653</u>	
Total	<u>42,333</u>	<u>27,265</u>	<u>15,068</u>



CHARTER TOWNSHIP OF YORK  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ZONING BOARD OF APPEALS			
Per diems		1,370	
Operating supplies		105	
Printing and publishing		380	
Total	<u>2,753</u>	<u>1,855</u>	<u>898</u>
DRAINS			
Repairs and maintenance	<u>4,000</u>	<u>2,641</u>	<u>1,359</u>
ROADS			
Roads	<u>66,243</u>	<u>52,831</u>	<u>13,412</u>
POLLUTION CONTROL	<u>1,938</u>	<u>1,092</u>	<u>846</u>
PARKS AND RECREATION			
Parks	<u>13,000</u>	<u>3,411</u>	<u>9,589</u>
HISTORICAL SOCIETY			
Operating supplies	<u>250</u>		<u>250</u>
LIBRARY			
Library contribution	<u>4,000</u>	<u>4,000</u>	
UNALLOCATED			
Insurance	<u>35,000</u>	<u>30,138</u>	<u>4,862</u>
Total expenditures	<u>\$ 1,040,274</u>	<u>\$ 980,505</u>	<u>\$ 59,769</u>

BUILDING  
DEPARTMENT  
FUND

CHARTER TOWNSHIP OF YORK  
BUILDING DEPARTMENT FUND  
BALANCE SHEET  
MARCH 31, 2004

<u>ASSETS</u>		
ASSETS		
Cash	\$ 19,551	
Due from other funds	<u>9,595</u>	
Total current assets		<u>\$ 29,146</u>
 <u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>		
LIABILITIES		
Accounts payable	\$ 411	
Accrued wages	10,652	
Due to other funds	<u>24,000</u>	
Total liabilities		\$ 35,063
FUND BALANCE (DEFICIT)		<u>(5,917)</u>
Total liabilities and fund balance (deficit)		<u>\$ 29,146</u>

CHARTER TOWNSHIP OF YORK  
BUILDING DEPARTMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Building permits	\$	\$ 149,626	\$
Registration fess		3,230	
Interest income		74	
Total revenues	<u>197,050</u>	<u>152,930</u>	<u>(44,120)</u>
EXPENDITURES			
Salaries		118,750	
Payroll taxes		9,788	
Retirement		1,904	
Health insurance		4,533	
Rent		24,000	
Supplies		1,323	
Legal fees		151	
Travel		2,028	
Equipment rental		143	
Telephone		154	
Total expenditures	<u>186,951</u>	<u>162,774</u>	<u>24,177</u>
Excess (deficiency) of revenues over expenditures	10,099	(9,844)	(19,943)
FUND BALANCE, APRIL 1, 2003	<u>3,927</u>	<u>3,927</u>	
FUND BALANCE, (DEFICIT) MARCH 31, 2004	<u>\$ 14,026</u>	<u>\$ (5,917)</u>	<u>\$ (19,943)</u>

LIQUOR

LAW

FUND

CHARTER TOWNSHIP OF YORK  
LIQUOR LAW FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

ASSETS

Cash

\$ 1,276

LIABILITIES AND FUND BALANCE

LIABILITIES

Accrued wages

\$ 170

FUND BALANCE

1,106

Total liabilities and fund balance

\$ 1,276

CHARTER TOWNSHIP OF YORK  
LIQUOR LAW FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State sharing	\$	\$ 1,141	\$
Interest		4	
Total revenues	<u>1,105</u>	<u>1,145</u>	<u>40</u>
EXPENDITURES			
Contracted services	<u>850</u>	<u>1,190</u>	<u>(340)</u>
Excess of revenues over expenditures	255	(45)	(300)
FUND BALANCE, APRIL 1, 2003	<u>1,151</u>	<u>1,151</u>	
FUND BALANCE, MARCH 31, 2004	<u>\$ 1,406</u>	<u>\$ 1,106</u>	<u>\$ (300)</u>

ENVIRONMENTAL  
PROTECTION  
FUND



CHARTER TOWNSHIP OF YORK  
ENVIRONMENTAL PROTECTION FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

ASSETS  
Cash

\$ 52,168

LIABILITIES AND FUND BALANCE

LIABILITIES  
Due to other fund

\$ 851

FUND BALANCE

51,317

Total liabilities and fund balance

\$ 52,168

CHARTER TOWNSHIP OF YORK  
ENVIRONMENTAL PROTECTION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Recycling income	\$	\$ 5,421	\$
Interest		641	
Total revenues	<u>5,700</u>	<u>6,062</u>	<u>362</u>
EXPENDITURES			
Contracted services		4,511	
Clean up days		<u>12,376</u>	
Total expenditures	<u>14,475</u>	<u>16,887</u>	<u>(2,412)</u>
Excess (deficiency) of revenues over expenditures before other financing (uses)	(8,775)	(10,825)	(2,050)
OTHER FINANCING (USES)			
Operating transfer (out)		<u>(39,500)</u>	<u>(39,500)</u>
Excess (deficiency) revenues over expenditures after other financing (uses)	(8,775)	(50,325)	(41,550)
FUND BALANCE, APRIL 1, 2003	<u>101,642</u>	<u>101,642</u>	
FUND BALANCE, MARCH 31, 2004	<u>\$ 92,867</u>	<u>\$ 51,317</u>	<u>\$ (41,550)</u>

BUDGET  
STABILIZATION  
FUND

CHARTER TOWNSHIP OF YORK  
BUDGET STABILIZATION FUND  
BALANCE SHEET  
MARCH 31, 2004

	<u>ASSETS</u>	
ASSETS		
Cash		<u>\$ 126,359</u>
	<u>FUND BALANCE</u>	
FUND BALANCE		<u>\$ 126,359</u>

CHARTER TOWNSHIP OF YORK  
BUDGET STABILIZATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 175	\$ 1,319	\$ 1,144
EXPENDITURES			
Excess (deficiency) of revenues over expenditures before other financing (uses)	175	1,319	1,144
OTHER FINANCING (USES)			
Operating transfers (out)	<u>(179,946)</u>	<u>(28,542)</u>	<u>151,404</u>
Excess (deficiency) of revenues after financing (uses)	(179,771)	(27,223)	152,548
FUND BALANCE, APRIL 1, 2003	<u>153,582</u>	<u>153,582</u>	
FUND BALANCE, MARCH 31, 2004	<u>\$ (26,189)</u>	<u>\$ 126,359</u>	<u>\$ 152,548</u>

CEMETARY  
TRUST  
FUND

CHARTER TOWNSHIP OF YORK  
CEMETERY TRUST FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

ASSETS  
Cash

\$ 1,157

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds  
Due to others

\$ 6  
2

Total liabilities

\$ 8

FUND BALANCE

1,149

Total liabilities and fund balance

\$ 1,157

CHARTER TOWNSHIP OF YORK  
CEMETERY TRUST FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 15	\$ 7	\$ (8)
EXPENDITURES			
Maintenance	<u>15</u>	<u>3</u>	<u>12</u>
(Deficiency) of revenues over expenditures		4	4
FUND BALANCE, APRIL 1, 2003	<u>1,145</u>	<u>1,145</u>	
FUND BALANCE, MARCH 31, 2004	<u>\$ 1,145</u>	<u>\$ 1,149</u>	<u>\$ 4</u>



SEWER FUND

CHARTER TOWNSHIP OF YORK  
SEWER FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 16,099
Accounts receivable billings	1,341
Special assessment receivable	173,019
Due from county	<u>3,993</u>

Total current assets \$ 194,452

PROPERTY, PLANT, EQUIPMENT AND  
CONSTRUCTION IN PROGRESS

Land	74,039
Sewer system	<u>579,523</u>
	653,562
Less accumulated depreciation	<u>(14,488)</u>

Net property, plant and equipment 639,074

Total assets \$ 833,526

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 810
Due to other funds	6,585
Bonds payable	<u>185,500</u>

Total current liabilities \$ 192,895

FUND EQUITY

Retained earnings unreserved	<u>640,631</u>
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Total liabilities and fund equity \$ 833,526

CHARTER TOWNSHIP OF YORK  
SEWER FUND  
STATEMENT OF CHANGES IN FUND EQUITY  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>RETAINED EARNINGS UNRESERVED</u>
BALANCES AT APRIL 1, 2003	\$ 639,046
Interest income	9,801
Grant income	16,400
Operating (loss)	(16,212)
Interest expense - bonds	<u>(8,404)</u>
BALANCES AT MARCH 31, 2004	<u>\$ 640,631</u>

CHARTER TOWNSHIP OF YORK  
SEWER FUND  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2004

OPERATING REVENUES

Sewer connection fees	\$ 550
Sewer billings	<u>13,931</u>

Total operating revenues	\$ 14,481
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OPERATING EXPENSES

Sewer usage	3,877
Depreciation	14,488
Insurance	1,150
Audit fees	6,500
Legal fees	2,888
Operating supplies	588
Utilities	<u>1,202</u>

Total operating expenses	<u>30,693</u>
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Operating (loss)	(16,212)
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NON-OPERATING REVENUES AND (EXPENSES)

Grant income	16,400
Interest income - operations	34
Interest income - assessments	9,767
Interest expense - debt	<u>(8,404)</u>

Total non-operating revenues and (expenses)	<u>17,797</u>
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Net income	<u>\$ 1,585</u>
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CHARTER TOWNSHIP OF YORK  
SEWER FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2004

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:

Operating (loss)		\$ (16,212)
Adjustments to reconcile operating income to net cash from (used in) operating activities:		
Depreciation expense	\$ 14,488	
Changes in assets and liabilities		
(Increase) in accounts receivable	(4,061)	
(Decrease) in accounts payable	(13,186)	
Increase in due to other funds	<u>4,798</u>	
Total adjustments		<u>2,039</u>
Net cash (used in) operating activities		(14,173)

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES

Additions to system	(1,793)
Special assessment - collections	14,320
Payment of principal on bonds	(2,500)
Grant proceeds	16,400
Interest paid	<u>(8,404)</u>

Net cash from capital and related financing activities	18,023
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest on operating funds	<u>34</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	3,884
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CASH AND CASH EQUIVALENTS, APRIL 1 2003	<u>12,215</u>
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CASH AND CASH EQUIVALENTS, MARCH 31, 2004	<u>\$ 16,099</u>
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TRUST AND  
AGENCY FUND

CHARTER TOWNSHIP OF YORK  
TRUST AND AGENCY FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

ASSETS

Cash and equivalents

\$ 26,569

LIABILITIES

LIABILITIES

Due to others

\$ 25,733

Due to other funds

836

Total liabilities

\$ 26,569

CURRENT TAX  
FUND



CHARTER TOWNSHIP OF YORK  
CURRENT TAX FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

ASSETS

Cash and equivalents

\$ 5,351

LIABILITIES

LIABILITIES

Due to others

\$ 573

Due to other funds

4,778

Total liabilities

\$ 5,351

CHARTER TOWNSHIP OF YORK

COMMENTS  
AND  
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2004

**PFEFFER • HANNIFORD • PALKA**  
*Certified Public Accountants*

**John M. Pfeffer, C.P.A.**  
**Patrick M. Hanniford, C.P.A.**  
**Kenneth J. Palka, C.P.A.**

*Members:*  
*AICPA Private Practice Companies Section*  
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**(810) 229-5550**  
**FAX (810) 229-5578**

July 30, 2004

Board of Trustees  
Charter Township of York  
11560 Stony Creek Road  
Milan, Michigan 48160

Honorable Board of Trustees:

In planning and performing our audit of the general purpose financial statements of the Charter Township of York for the year ended March 31, 2004, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Those matters are as follows:

1. COMMENT

The building department collects monies and issues permits.

RECOMMENDATION

Segregate the issuance of permits from the collection of fees to ensure the integrity of internal control functions.

2. COMMENT

As of March 31, 2004, several interfund payables/receivables exist.

RECOMMENDATION

Interfund payables/receivables should be repaid as cash flow permits.

This letter does not affect our report dated July 30, 2004 on the general purpose financial statements of the Charter Township of York.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Trustees, and management of Charter Township of York and is not intended to be and should not be used by anyone other than the specified parties.



PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants